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## State will use \$50M to help farmers get loans

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When asked about the toll the recent floods took on Indiana farms, state Agriculture Director Andy Miller pointed to a wall of photographs behind him. One photo shows a cornfield, with a watery ditch four feet deep torn through the middle.

"It looks like a river's gone through it," he said.

Farmers applying for federal aid to fix such widespread damage will soon get a break from the state, officials announced today. As much as \$50 million will be taken from the state's general fund to help farmers obtain low-interest loans that can be used to repair broken levees, ease erosion and remove flood debris.

About 9 percent of the state's corn and soybean fields flooded during the rains in early June, Miller said, though some of those fields will be replanted. Total crop losses could be as high as \$840 million.

The loans will help farmers pay for their share of repair costs through the U.S. Department of Agriculture's Emergency Conservation and Emergency Watershed Programs, Indiana Treasurer Richard Mourdock said.

The Emergency Conservation Program, run by the Farm Service Agency, helps farmers rehabilitate farmland so it can be replanted. The Emergency Watershed Program, from the Natural Resource Conservation Service, is used by collective and government groups to remove debris, restore vegetation and stabilize river banks.

Farmers or collectives pay 25 percent of the cost of repair work, while the federal government pays the remaining 75 percent. Only farmers in federally declared disaster areas are eligible for the aid.

Loans may also go towards participants in the Conservation Reserve Program, the Environmental Quality Incentives Program, and the Conservation Reserve Enhancement Program, which are non-emergency programs that can be used to install equipment and fight erosion, among other purposes.

To help raise their share, participants must first apply to the federal programs at one of their local USDA offices. Once accepted, farmers and local groups can then apply to local banks for one-year, low-interest loans. Applications must be received by the end of this year.

If the loan is approved, the bank will contact the state treasurer's office, which will take money from the state's general fund and purchase a low-interest certificate of deposit from the bank.

The state has agreed to take an interest rate below the federal standard, which will allow the bank to pass on a lower interest rate to farmers.

With today's interest rates, that would give farmers a rate of 2.75 percent, which is much lower than the national average of 5.5 to 6 percent, Mourdock said. Loans would be capped at \$50,000, though that number could change on a case-by-case basis, he said.

Murdock estimated that Indiana could lose as much as \$1.1 million that would have otherwise accrued through interest.

Until federal engineers inspect all the damaged property, it is impossible to know the full damage to the state's farms, Miller said. Some fields are so damaged that they won't be planted until the 2010 planting season, with others beyond repair.

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